

Minutes of the meeting of Audit and governance committee held at Online meeting on Thursday 30 July 2020 at 10.30 am

Present: Councillor Nigel Shaw (chairperson)
Councillor Christy Bolderson (vice-chairperson)

Councillors: Dave Boulter, Peter Jinman, Bob Matthews, Diana Toynbee and Yolande Watson

Officers: Solicitor to the council, Chief finance officer, Director for children and families and Head of corporate performance

449. APOLOGIES FOR ABSENCE

There were no apologies for absence.

450. NAMED SUBSTITUTES (IF ANY)

There were no substitutes.

451. DECLARATIONS OF INTEREST

There were no declarations of interests.

452. MINUTES

RESOLVED:

That the minutes of the meeting held on 16 June 2020 be confirmed as a correct record and signed by the chairperson.

453. QUESTIONS FROM MEMBERS OF THE PUBLIC

There were no questions from members of the public.

454. QUESTIONS FROM COUNCILLORS

There were no questions from councillors.

455. CORPORATE RISK REGISTER

The chairperson welcomed the director for children and families to the meeting who was in attendance to answer questions in connection with the children and families risk registers.

The head of corporate performance presented the report and highlighted:

- The risk registers were as at 30 June 2020.
- The Covid-19 risk register had been included.

- The draft risk management plan was attached for the committee's comments as it was due to be presented to Cabinet in September 2020 for approval.
- Three new risks had been added and details were contained within the agenda pack for the meeting.
- There was an error on the heat map contained within the report as CRR36 had been included instead of being removed.

In the committee's discussion on the item, the following points were raised:

- Cabinet were potentially looking at a further £5m to £10m from government on top of the funding which had already been received. The council had received just over £13m from government but were waiting for details of the support in connection with lost income. Assumptions had been made in connection with cost implications in the future. It was confirmed that there were a range of reserves in place which could fund these budget pressures. There would be more detail contained within the quarter 2 budget and performance report which would be considered by Cabinet.
- It was confirmed that the public health budget was a ringfenced budget for that area. £840k had been received as part of a Covid-19 grant which was being used as part of the council's response to the pandemic. Details of this grant would be included in the quarter 2 report to Cabinet.
- It was noted that for the high level risks, there appeared to be no change in the mitigation actions. It was acknowledged that further work could be done in connection with this to ensure that there were Specific, Measureable, Attainment, Realistic Targets (SMART) as part of the mitigation.
- It was noted that for five risks, there had been an increase in the risk score but very little detail about the increase or any resultant actions to be taken. It would be useful to the committee if details of why the risk or mitigation had changed could be included.
- It was confirmed that management board do review the risk registers on a regular basis. In the children and families directorate, the risk registers were reviewed on a monthly basis. It was acknowledged that some risks did appear to be longstanding but that was because the directorate were living with longstanding risks. Using the Human Rights Act (HRA) risk as an example, the register acknowledged that there had been cases in the past but there may be cases in the future so it was appropriate to reflect this on the risk register.
- With regard to the children and families' risk in connection of an overspend against planned budget with regard to placements, this was a significant budget pressure but there were a range of mitigating actions in process which included the Widemarsh development.
- With regard to the recruitment of children's social workers, it was noted that this had been present on the risk register for a number of years and it was queried whether there would be a way to mitigate the risk to a lower level. There was a range of activity which included the ability to work remotely whilst acknowledging that staff in that area needed to have contact with families. It was nationally a challenging area to recruit into it.
- It was noted that detail of the actions in the children's and families risk register were being undertaken and detailed in different improvement and action plans which were considered regularly by the children's scrutiny committee, and the performance challenge meetings. An example of this was the annual fostering and adoption report which was considered by children's scrutiny committee and Cabinet.

- It was suggested that there could be links on the risk registers to these various improvement and / or action plans.
- It was agreed that an annual comparison of risks against other councils would be undertaken by the corporate support centre and be reported to the committee.
- It was acknowledged that the number of risks varied by directorate and management board could look at this point as the council services around the risk to children was a daily risk.
- It was agreed that the solicitor to the council would look at the risk management plan with a view to ensuring that there were stronger references to the risks within the children and families directorates and any other high risk council areas.
- It was noted that when setting the budgets, they needed to address the most important risks as that was where resources were directed.
- The two risks relating to Ofsted were in connection with the preparation for an Ofsted visit and it was noted that the wording for this risk had been cut off. The second risk was in connection with the council being judged to be inadequate. In general terms if a council's children's safeguarding was judged inadequate, then staff tended to leave which lead to an increased cost of agency staff and an additional money would need to be spent in order to improve services. It was acknowledged that the wording could be more accurately stated.
- In connection with the risk on the economy and place risk register (EP27, Hereford Transport Package), it was explained that it was an early indication of a risk which had not materialised. There was also the possibility that the original scoring may have been too high.
- It was queried whether the absence of general scrutiny meetings would constitute a risk to good governance. The solicitor to the council confirmed that the risk would sit on the legal risk register as a lack of scrutiny affects the ability of audit and governance committee to provide assurance. It was noted that steps were now being taken which included a meeting with the director and the statutory scrutiny officer.
- The head of corporate performance agreed to circulate the performance, risk, opportunity and management (PROM) framework to the committee.
- The committee requested that details with regard to the assumptions used in the plan were included as an appendix, together with worked examples.
- It was agreed that there would be a dry run of the new plan to see if there were any issues which could be identified.

RESOLVED that

- Appendices be included to provide an explanation of the assumptions which have been made in the risk management plan. These appendices to include worked examples from each directorate and include SMART mitigating actions.**
- The risk criteria are better define within the risk management plan.**
- If when working through the examples and undertaking a dry run of the framework, issues are identified, that there is consideration that they are added to the impact of the risk.**
- If during the dry run of the new plan that if there are any relevant issues that they would be added into the document.**
- An annual risk comparison is undertaken by the corporate support centre and reported to the committee.**
- The impact of the risk to children, young people and vulnerable adults is expressly included within the revised risk management plan.**

The meeting adjourned at 12.00 pm and re-commenced at 12.17 pm.

456. DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20

The chief finance officer presented the report.

During the discussion on the item the following points were raised:

- The external audit work was on track for November 2020.
- The draft annual governance statement is available on the council's website for the public to comment on.
- The typographical and grammatical errors would need to be corrected.
- The committee were pleased with the user-friendly presentation and the inclusion of hyperlinks.
- It was confirmed that the outstanding actions contained within appendix 2 of the agenda pack had been incorporated in the annual governance statement.

RESOLVED that

the committee determined the draft annual governance statement at appendix 1 properly reflected the risk environment the council is operating in and that actions identified are an appropriate response.

457. PROGRESS REPORT ON 2020/21 INTERNAL AUDIT PLAN

South West Audit Partnership presented the report.

The following points were highlighted as part of the discussion on the item:

- Progress was not as expected for Quarter 1.
- There was an error in appendix c on page 102 of the agenda papers as the HALO financial review will form part of the 2019/20 annual opinion report.
- Four new pieces of work had been undertaken and two additional internal audits.
- SWAP had been very active during the period and the council had used the team on a range of counter-fraud activities.
- The 2020/21 internal audit would be reviewed with the chief finance officer to assess the impact of Covid-19 and a revised plan would be presented in September 2020.
- The offer of training in connection with counter-fraud activity was accepted by the committee.
- The audits for 2019/20 had been impacted by officers' ability to respond due to Covid-19. Currently, the audits were lacking the detail of what action officers were going to take in connection with recommendations.
- SWAP had been looking at the cyber security / fraud areas. As cyber fraud was a high risk area, an internal audit had been scheduled. This would be carried out by a SWAP IT auditor. It was confirmed that as IT was a commissioned service from Hoople, the report would go to the relevant council officer to ensure that any identified recommendations were carried out by the provider. The solicitor to council indicated that they would have to further consider the point as to who would be appropriate to attend a committee meeting if there were questions over the outcome of the internal audit but it may be a council officer as the commissioner of the service. It was agreed that the chairperson would work with clerk and the IT team in connection with assurance being provided to the committee in connection with cyber security within the council.

- The process of prioritising audits was outlined. This included SWAP looking at the relevant risk register, meeting with senior managers in each directorate, etc to understand where the risk areas were located.
- SWAP agreed to provide the committee with a brief overview in connection with the 2019/20 audits to provide assurance to committee about any key findings in advance of September 2020 meeting.

RESOLVED THAT:

- a) The Chairperson work with the clerk and the IT team in Hoople in connection with providing assurance with regard to council's cyber security;**
- b) A presentation from the IT auditor at SWAP in connection with cyber security be arranged for the committee;**
- c) A brief overview from SWAP be prepared in connection with the 2019/20 audits in order to provide assurance to committee about any key findings in advance of September 2020 meeting; and**
- d) The chief finance officer consults with SWAP in connection with an audit of the public health budget.**

458. NATIONAL MODEL CODE OF CONDUCT CONSULTATION

The solicitor to the council presented the report.

The proposed national code of conduct from the Local Government Association had arisen following a recommendation from the Committee on Standards in Public Life. There were some differences from the national code of conduct to the adopted code of Herefordshire Council. The examples of the requirement to declare gifts and hospitality on the register of interest form and the need to declare a membership of closed society were used. It was noted that there were currently no sanctions which could be imposed on councillors beyond an apology or training.

The committee were supportive of the proposed responses to the survey questions which had been drafted by the solicitor to the council. It was confirmed that the proposed responses took into account the views of the independent persons for standards but no views from councillors had been sought. Details of the consultation had been provided to all councillors in case they wished to submit an individual response.

In response to a question from a member of the committee, the solicitor to the council confirmed that there were informal arrangements to deal with complaints against councillors in place but where a member of the public had complained then the formal process would need to be used.

RESOLVED that

the solicitor for the council be authorised to submit the response to the national code of conduct consultation attached at appendix 4 by the deadline of 17 August 2020.

459. WORK PROGRAMME UPDATE

The work programme was discussed.

Resolved that:

The work programme be approved subject to the following amendments:

- **annual internal audit opinion be added to the agenda for September 2020.**
- **possible report on changes to the Constitution to the licensing sub committee functions for September 2020**
- **Whistleblowing policy for September 2020**

The meeting ended at 1.07 pm

Chairperson